

School District Reorganization Incentives

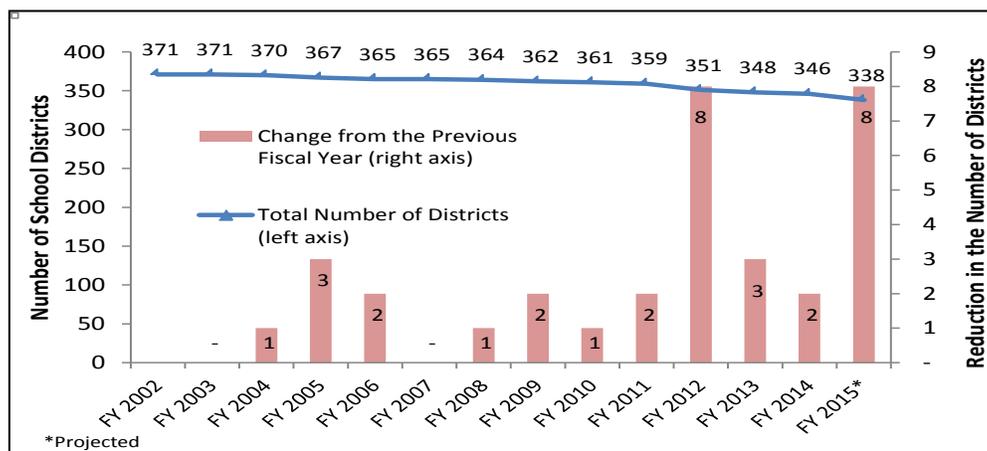
School district reorganization incentives are set to expire at the end of FY 2014. The current provisions, originally enacted in 2001 and effective for school reorganizations between FY 2002 and FY 2007 ([Chapter 126](#), 2001 Iowa Acts), were reauthorized for school reorganizations between FY 2008 and FY 2014 during the 2007 Legislative Session ([Chapter 130](#), 2007 Iowa Acts). Incentives include:

- Uniform levy rate reductions are replaced with state aid (the uniform levy rate is \$5.40/\$1,000 of assessed valuations). The rate reductions are phased out over a three-year period and for districts with enrollments of less than 600 students, the uniform levy rate will be reduced \$1.00 in year one, \$0.50 reduction in year two, and \$0.25 in year three. Additionally, if a school district has an enrollment that exceeds 600 and has merged with a district with an enrollment less than 600, that district will receive a reduction in the uniform levy amount equal to the amount generated from the rate reduction for the other district. For example, if the rate reduction in year one generated a reduction in the uniform levy totaling \$500,000, the district with an enrollment that exceeds 600 will have their portion of the uniform levy reduced by \$500,000.
- Reorganization supplementary weighting. School districts that have a whole grade sharing agreement, meet specific requirements, and reorganize between FY 2008 and FY 2014, may receive supplementary weighting equal to the whole grade supplementary weighting amount received in the year prior to the reorganization for resident students. Districts can receive reorganization incentive supplementary weighting for up to three years. However, the combination of whole grade sharing supplementary weighting and reorganization incentive supplementary weighting cannot exceed six years.

Although the incentives will expire, districts that meet the specified requirements and reorganize beginning in FY 2015 will receive uniform levy incentives through FY 2017 and potentially could receive reorganization supplementary weighting incentives through FY 2017.

School Reorganizations/Dissolutions Since 2001

Prior to the enactment of reorganization incentives, there were 371 school districts in FY 2002. The initial incentives did not generate much reorganization with the number of districts decreasing by six between FY 2002 and FY 2007 (reduction of 1.6%). However, since the reauthorization of the incentives, reorganizations have increased and the number of districts is projected at 338 in FY 2014. Enrollment declines and the phase-out of the budget guarantee have contributed to the reduction in the number of school districts. The following chart provides the number of districts for FY 2001 through FY 2015 (projected) measured against the left axis and the change in the number of districts (right axis).



More Information

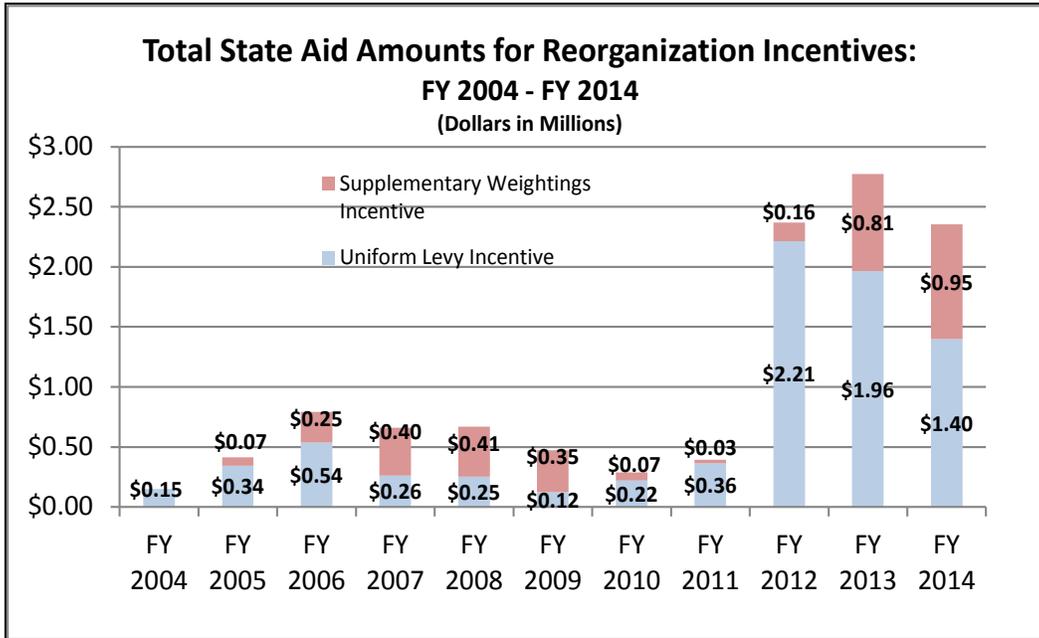
[LSA School Aid Data](#)

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School District Reorganization Incentives

State Cost of School Reorganization Incentives

The following chart provides the state aid amounts for uniform levy incentives (in blue) and the reorganization supplementary weighting incentives (in red). The State aid cost from FY 2004 through FY 2014 totaled \$11.3 million, with the uniform levy incentive accounting for \$7.8 million and the supplementary weighting incentive accounting for \$3.5 million. The last three fiscal years have been significantly higher than the previous years (past three years each above \$2.0 million total) due to the eight reorganizations that occurred beginning in FY 2012. The uniform levy incentives will expire for those eight districts in FY 2015, while the level of supplementary weighting will decrease slightly for FY 2015.



Additional Reorganizations for FY 2015

As of September, there are currently seven school district reorganizations and one dissolution that have been approved for the 2014-2015 school year. Clearfield (82.0) will be dissolved following the 2013-2014 school year and the following reorganizations have been approved (each school district's FY 2014 budget enrollment is provided in parenthesis):

- Algona (1,199.1) and Titonka (145.0)
- Fredericksburg (255.0) and Sumner (573.5)
- East Greene (321.2) and Jefferson -Scranton (1,002.0)
- Rockwell City Lytton (472.1) and Southern Cal (469.4)
- Clarion Goldfield (798.6) and Dows (124.3)
- Elk Horn-Kimballton (223.5) and Exira (223.3)
- Armstrong-Ringsted (298.2) and Central (472.1)

These actions will decrease the number of school districts from 346 in FY 2014 to 338 in FY 2015. Additional reorganizations or dissolutions may occur and qualify for the incentives if approved by December 2013, and implemented by July 1, 2014. Due to the number of reorganizations, the total State aid cost for reorganization incentives for FY 2015 will likely exceed the FY 2013 level of \$2.8 million, although the specific amount cannot be determined at this time. Uniform levy incentives for these districts will be available from FY 2015 through FY 2017 and reorganization supplementary weighting incentives may be available to eligible districts through FY 2017.